



Controller John Chiang
California State Controller's Office

300 Capitol Mall
Sacramento, CA
95814
916.445.2636
www.controller.ca.gov

PR13:29
For Immediate Release:
9/10/2013

Contact: Jacob Roper
916-445-2636

Controller Releases Review of City of Santa Clara's RDA Assets

SACRAMENTO State Controller John Chiang today announced completing his [review](#) of the assets transferred by the City of Santa Clara's redevelopment agency (RDA) prior to its dissolution. The review determined that the RDA is required by state law to reverse approximately \$279 million in inappropriate property and cash transfers so that those assets can be used to retire the now-defunct agency's debts and fund local programs throughout Santa Clara County.

"More than two years ago, at a time when severe budget shortfalls forced difficult choices between competing programs, lawmakers – with sign-off from the Supreme Court – put schools, public safety, healthcare and other local services ahead of redevelopment," said Controller Chiang.

"Moving away from a long-time dependence on redevelopment funds and now sharing those funds with other local programs has been a difficult transition for many cities. My office will continue to work closely with these cities to ensure that they understand their responsibilities and successfully comply with new state laws."

The Controller's review requires the City to transfer these assets to the RDA's "successor agency," a body overseen by a locally-appointed oversight board that will determine how to use the assets.

Oversight boards can return assets to a local government if the asset serves a legitimate government purpose. For example, the SCO found that the City of Covina's RDA transferred property worth \$3.5 million to its city, instead of the successor agency as required by law. But Covina's oversight board determined that most of the properties – including two parks, a civic center parking lot and a city maintenance yard – served government purposes and should remain with its city. The oversight board for the City of Lincoln's RDA took a similar action, retroactively approving a transfer of a youth center property to its city. In both cases, the actions taken by their respective oversight boards legally permitted the SCO to not order the return of those properties. All such oversight board actions are subject to approval by the Department of Finance.

The Santa Clara [Oversight Board's](#) next [meeting](#) is on September 23.

The Controller's review is mandated by two recent pieces of legislation, ABx1 26 and AB 1484, which directed the shutdown of redevelopment agencies. The new laws require that all RDA assets be transferred to successor agencies, including assets that were previously transferred to a city, county or other public agency after January 1, 2011.

The one exception involves transferred assets that were committed to a third party by June 28, 2011. Assets transferred to the Santa Clara Stadium Authority, for example, qualify for this exemption because the transfers involved a commitment to a third party (the San Francisco 49ers).

Check the for more information on his audit programs.

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